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REPORT

OF

THE COMMITTEE

OF

Ways and Means

TO THE

HOUSE OF DELEGATES.

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REPORT.

The Committee of Ways and Means, to whom were referred the Governor's Message, and the several subject matters relating to the finances of the State, have had the same under consideration and report: That it is with great pleasure, they are able again to announce to the people of Maryland, the highly prosperous condition of its financial affairs.

By the Treasurer's Report marked H, submitted to the House of Delegates at the present session, it appears that during the past year to the 25th February of the present year, \$562,335.26 have been added to the Sinking Fund; beside which, \$30,000 of the University debt has been paid and cancelled.

This highly successful administration of the funds, is the result of the able efforts of the Treasurer in carrying out the present wise financial policy of the State. The intelligence, energy and zeal with which he has discharged the duties imposed on him by the 3rd section of the 6th article of the Constitution, will no doubt be highly appreciated by every citizen of Maryland.

Statement M, appended to the Comptroller's report, will show in detail the great advantages to the State from his fiscal operations of the last year.

The committee are able to assure the people of Maryland, with a perfect conviction of its truth, that if the financial policy which has prevailed for years past, should be continued, it would not be many years before the direct taxes now levied, for the support of the government, might be dispensed with.

The specific proposition now brought to the notice of the committee, is that of the reduction of taxes.

At the threshold, the committee avow as a general principle, that whenever circumstances will justify a reduction, it ought to be made, and they think that the increase of the assessable property of the State will sanction a reduction at this time.

The extent however of the reduction is a matter, which requires very careful and deliberate examination, before we can arrive at a safe result. Under the most favorable circumstances, a change of this kind ought to be made with great caution. It is very easy to destroy a system of taxation, but as all experience proves, it is a very difficult matter to reinstate it, should the good of the community require it. The fearful admonitions of the past in our own and other States of the Union, ought to serve to us as a lesson of wisdom on the present occasion.

Something more than mere arithmetical calculation is required

to bring us to this point of safety. The great questions of how it will affect morally the credit of the State, legally as it might affect the rights of creditors, advantageously or injuriously as it may affect the best interests of the people, incidentally as it may affect the internal improvement companies, are points requiring deliberate examination.

The committee in their report of last year, fully and deliberately expressed their views in favor of the present financial policy of the State, and they see no reason to change the views then expressed.

That policy was to raise a *sufficient* amount of revenue, so as to place the State beyond the possibility of contingencies, which might affect its credit, and out of the surplus thus raised to enable the Treasurer to purchase and redeem the public debt with a view to its early extinguishment. An opposite financial policy is now presented as the one that ought to be pursued, and that is: to raise no more revenue than is necessary to pay the interest on the debt, including the interest on the sinking fund, and thereby of course continuing the taxes indefinitely.

One or the other of these financial plans, the Legislature is now called upon to consider, and it is well to present the views of the committee as to the results which each is calculated to produce.

It has been over and over stated, that because the maturity of the principal loans does not take place until 1870 and 1890, that therefore we are not bound to anticipate the payment, and that our posterity are bound and ought to pay the debts to be matured at those periods.

By some, the inference has been drawn from the remote day when the debts will become payable, that the Legislature which authorised those debts had in view in fixing that remote period, to relieve the present generation, and to saddle posterity with the payment of the principal.

It is well that the people should have clear and distinct views on this subject, and to this end the committee propose to offer some remarks. In the first place, it is conceded, that the creditors of the State have no moral or legal claim for payment of any portion of the public debt, until the respective periods prescribed by the different acts creating those debts; and indeed according to those terms, the State is not bound to redeem those debts, until after the period named, and then at its pleasure.

All other considerations, then, which are adduced in favor of an early extinguishment of the public debt, are either of a moral character as they affect our duty to those who come after us, or of a practical one, as they affect the pecuniary interest of the people at the present time. In the first place, the Legislatures which created the debts and prescribed the time of redemption after 1870 and 1890, and even then at the pleasure of the State, did not necessarily intend thereby to intimate their intention to

impose this redemption on the people, who should control the destinies of the State at those remote periods, nor did they intend to relieve the present generation from the duty of making all proper efforts to pay the debt before that period. In fixing this long term for the debt to run, the Legislature looked to present advantages, irrespective entirely of the liabilities or interests of our posterity; it being a well known fact, that in creating a State debt, the longer the debt has to run, the more advantageously can the loan be effected. Hence it is, that public loans are made in view entirely of present advantages on long periods of maturity, for in regard to loans negotiable by States, the punctual payment of the interest, is the main consideration of the contract, and if the public have confidence in the certainty of the payment of the interest, the longer they have to run, the more they are desired as stocks for investment. On this score, then, nothing is to be inferred from the long period the debt had to run, before the State could exercise its pleasure in paying it, that necessarily implies that the payment was intended to devolve on posterity. The Legislature knew that practically, the stocks and bonds of the State could be redeemed at any time by purchase in the market at the current rates, whenever the means in the treasury would justify such a course; and that this mode is constantly resorted to by Governments in such cases. Besides this, it is evident from all the action of the Legislature on the subject of creating this debt by the loans proposed, that large revenues were expected to flow from the various works of internal improvement, in whose behalf the credit of the State was pledged. Those sources of revenue were looked to not only as the means of paying the interest of the public debt, but as the means of discharging the principal before the period of its maturity. Indeed, every one conversant with the history of our State loans, knows, that those who were active in creating our debt never calculated on, or even dreamt of, the necessity of taxation to meet either principal or interest. In their estimation, neither they nor their posterity were to feel the weight of any part of the burden; but the premium on the sale of the bonds and the public works themselves were to furnish ample means for discharging those obligations, which, unfortunately for us, were represented as merely formal on the part of the State. Those considerations are referred to, to show that those who authorised the debts of the State were looking to their own interest at the time, and prospectively only so far as they hoped and looked to remuneration from the employment of capital, which by means of the credit of the State, was obtained to construct those works of internal improvement.

Apart from this view of the matter, it is a mooted point, whether, according to a moral sense of justice, we have the right to impose the payment of a debt upon a generation fifty years after the creation of the debt. The advocates of the permanency of a

debt are principally to be found in the despotic countries of Europe, where those who wish to have safe securities in which to invest their surplus capital, the interest of which has to be raised by perpetual taxation on the hard earnings of the working class, have deluded the people by making them believe that a national debt is a national blessing. The American view of the subject is entirely the reverse of this. First among the high authorities in favor of this latter view, is the author of the Declaration of Independence. On this subject he says: "It is a wise rule, and should be fundamental in a government disposed to cherish its credit, and at the same time to restrain the use of it within the limits of its faculties, never to borrow a dollar without laying a tax in the same instant for paying the interest annually, and the principal within a given term; and to consider that tax as pledged to the creditors on the public faith. But the term of redemption must be moderate, and at any rate within the limits of their rightful powers."

But what limits, it will be asked, does this prescribe to their powers? After certain views as to what constitute a generation, Mr. Jefferson adds: "In seeking, then, for an ultimate term for the redemption of our debts, let us rally to this principle and provide for their payment within the term of nineteen years at the furthest."

Our own Constitution has wisely adopted the views of Mr. Jefferson on this subject, with this difference only, that it fixes the period of fifteen years instead of nineteen as the ultimate period for the redemption of any debt hereafter to be created.

The words of our Constitution, to be found in the twenty-second section, third article, are: "No debt shall hereafter be contracted for by the Legislature, unless such debt shall be authorised by a law providing for the collection of an annual tax or taxes sufficient to pay the interest on such debt as it falls due, and also to discharge the principal thereof within fifteen years from the time of contracting the same, and the taxes laid for this purpose shall not be repealed or applied to any other object, until the said debt and the interest thereon shall be fully discharged," &c.

Now here are the wise features of an early and fixed period of redemption of any debt to be hereafter contracted—contemporaneous imposition of taxes nor only for the punctual payment of the interest, but also for the discharge of the principal—and in addition to all this, the prohibition to *repeal* or otherwise appropriate any of the taxes raised for the purposes specified, until the said debt and interest thereon shall be fully discharged. The views of Mr. Jefferson, which forty years ago might have been considered abstract in their nature, now form a practical feature in the organic law of this and many other States of the Union.

It will be well for us to take for our guide on the present occasion, the admirable principles engrafted in the section of our Constitution just quoted, and apply them in practice.

And now let us look at the matter in a practical and pecuniary point of view, as it affects the tax paying portion of the community ; the committee think that a cool and dispassionate examination of the subject in this aspect will show, that the best interests of the people on pecuniary considerations alone will be promoted by that financial policy, which looks to the discharge of the public debt within a short period of time.

A direct tax to all practical purposes is a mortgage of the most binding character on the real estate, which pays the tax, and nothing can relieve it from this incumbrance but the cessation of the tax itself.

The value of property, either for use or for sale, is lessened to the amount of the tax, and of course the longer the tax continues, the longer will this disadvantageous liability continue.

Generally speaking, individual mortgages are made for fixed and limited periods, and the extent of the depreciation of value by the existence of such an incumbrance can be properly estimated ; but where the incumbrance is indefinite in its character and beyond the control of either or both the purchaser and seller, the depreciation to the owner of the estate is much greater, and to that extent he must be the loser. This is precisely the condition of an estate burthened with a tax, which is to continue for an indefinite period.

And here, it is proper to remark, that an unsettled financial policy with regard to the debts of a State is, if any thing, more injurious than a fixed policy, bad as it may be, but which proposes for a definite period the imposition of taxes, and which, after that, notifies the whole world that the taxes are to cease.

There is at the present time a strong disposition in foreign capitalists who wish to embark in commercial, mining and agricultural enterprises, to settle in our State. It is not simply because Maryland from her soil, climate, mineral resources, and her central position near to the great West, with an outlet to the Ocean by her magnificent Bay, offers the strongest inducements for capitalists from other States, and other countries, to come amongst us ; but it is greatly owing to the financial policy which has hitherto prevailed in the State, since the resumption of the punctual payment of the interest on the public debt. Persons of the class referred to, who wish to make investments in a State, closely scan its movements in this respect. All the reports and all the laws on the subject of taxation, are eagerly sought after and critically examined. They have found that the State in 1841, was in difficulties, which led to the suspension of the payment of its regularly accruing interest, but they also saw in 1847, that it was boldly and honestly determined that the resumption of punctual payment of interest should take place ; and also that the arrears of interest should be funded in an interest-bearing stock.

They have seen more than this ; they have seen that since the resumption in 1848, in virtue of the legislation of 1847, not only has the accruing interest been punctually paid and the funded arrears of interest amounting, with interest, to \$1,034,-\$17 07, but they have also seen that a financial policy up to this time, has been steadily pursued of appropriating a certain amount of surplus revenue to the gradual extinguishment of the public debt, and which if adhered to, would in less than eight years enable the State, after that period, to dispense with the taxes now raised on account of its indebtedness. If this wise and conservative policy should be changed recklessly and without cause, alarm and distrust will be naturally and justifiably excited, much to the disadvantage of the land-holders. In the State of Maryland, there are thousands of acres, now in the condition of an unprofitable and desert waste, only awaiting the application of capital to be directed by the hand of enterprise and industry, in order to turn these barren wastes into fertile fields. There is scarcely a landed proprietor who would not find it to his advantage to dispose of a portion of his unprofitable lands, and from the proceeds thereof obtain the capital requisite to make the balance profitable to himself. As a proprietor, he would be benefitted in this way ; as a tax-payer, he would be doubly benefitted. First, by parting with an unproductive property on which he would have to pay taxes, and secondly, by parting with it to those who would bring capital and enterprise to its improvement, and thereby the assessable basis would be so greatly increased, that his per centage of taxes could be reduced, while at the same time the amount of revenue could, if necessary, be increased. But this prospect will be marred and the immigration of persons and capital seriously retarded, if the future financial policy of the State is to foster a continuance of taxes for an indefinite period ; and this is an appropriate place to remark, that the same views, which would postpone the redemption of the debt until eighteen hundred and seventy and eighteen hundred and ninety, would justify its indefinite postponement ; for it must be remembered that after those periods, the debt can be redeemed at the pleasure of the State. Those who will control the destinies of the State at that day, may well adopt the reasoning of their predecessors, and thus justify themselves in inflicting upon their posterity, the burden of paying the principal of the debt ; a perpetual debt is, then, the logical consequence of such reasoning.

The prudent man would therefore avoid our State, much to the injury of the owners of real estate. Before leaving this branch of the subject, it is proper to remark that the injurious results of a continuance of taxes equally apply to capital employed in commerce and manufacturing enterprises. One of the happy results, anticipated from the completion of our works of internal improve-

ment, was the introduction of foreign capital, for commercial, manufacturing and agricultural purposes; but foreign capital will not seek investments in a State, whose policy will subject all within her borders to prolonged taxation, or whose policy on this point may be unsteady and capricious. The consideration which, more than any other, gives to taxes their odious character, in the estimation of the community generally, is their *perpetuity*, or what is the same thing; their indefinite prolongation. It is this, which in reality constitutes the sad condition of the tax-ridden and down trodden people of Europe. Through the long future, they see no hope, that they or their children will ever be free from the visit of the tax-gatherer; for any tax even of an onerous kind can be borne patiently, if accompanied by the conviction that it will not be of long duration. It was no doubt the fear that the State would be for all future time oppressed with taxes, which so alarmed the people when the large amount of public debt was first brought to their notice. As soon, however, as they understood that the admirable financial policy, now controlling the finances of the State, would not only pay punctually the accruing interest, but would in a few years discharge the debt, they became reconciled, and have ever since cheerfully paid their taxes. If two parties were raised in the State, one for a reduction, but *continuance* of taxes; and the other for the taxes as they are, with a view to the early extinguishment of the public debt, and *thereafter a cessation entirely of taxes*, a large majority of the people of all parties and all conditions would be on the side of the latter proposition; the dealers in stocks and capitalist, seeking investment of their money would be on the other side. For as long as the debt is continued, the taxes must be raised in order to meet the interest, and this is the main point in a public debt to which the stock jobber looks. He wants the taxes continued. Not so the tax payer: for his interest is to get rid of the debt and with it of the taxes. The committee believe that a considerable portion of the people of the State, if they could be satisfied that an arrangement could be made to pay at once their portion of the principal of the public debt, and forever thereafter be relieved from it and from the annual taxes levied for it, would cheerfully agree to the arrangement.

There are other considerations, which make it very desirable for the interests of the people that the State should pay off the debt at as early a day as possible. The State has an interest in the several internal improvement companies to an amount according to statement B, Comptroller's Report, exceeding fifteen million of dollars of what is called productive and unproductive capital and credits. If all the calculations as to the profitable results of these works do not fail, we have reason to hope that in a few years, large sources of revenue will be derived from them. One element of wealth of the State will alone give profitable employ-

ment to the Canal, for the Baltimore and Ohio Railroad with the produce of the west will no doubt be taxed to its utmost capacity of transportation. It is well known that the semi-bituminous coal of Allegany county, as compared with all others, possesses the highest evaporative powers, and is therefore superlatively adapted to steaming purposes. It is accordingly sought after by our ocean steamers and is used now to a great amount for locomotives. In the present age, there seems to be no limit to the use of steam for ocean and river navigation, for locomotives, manufactories, smitheries, &c. Maryland has the prospect then, of being one of the wealthiest States of the Union owing to her mines of coal and iron, and which will give profitable employment to her works of internal improvement. By the forty-second section of the third Article of the Constitution, it is decreed "that it shall be the duty of the Legislature as soon as the public debt shall have been fully paid off to cause to be transferred to the several counties and the city of Baltimore, stock in the internal improvement companies, equal to the amount respectively paid by each towards the erection and completion of said works at the then market value of said stock."

If these works should prove profitable the stock held by the State in them will be divided amongst the several counties and the city of Baltimore, the income from which, will no doubt be devoted to the noble purpose of education. This great necessity of society is languishing for the want of means, and never can be successfully carried to its greatest good unless larger pecuniary aid is afforded to it. The counties will derive for this purpose sufficient revenue from this stock when divided amongst them, and sufficient perhaps to dispense with county taxation for local purposes. There is then not only an immediate pecuniary advantage to result to us in this way from an early payment of the public debt, but there is a moral consideration of the highest order to discharge it, and not to impose the burthen on posterity, while we are enjoying the fruits. If these works should turn out failures our obligation is still stronger to discharge a portion of the debt annually, by purchase or redemption, and not to impose it on posterity. In whatever aspect viewed, either as a moral duty or as a matter connected with our immediate pecuniary interests, the true policy will be to rid the State of debt as fast as circumstances will permit.

In this view of the matter, the committee think that a great reduction cannot be effected. The following will show the condition of the Treasury upon a reduction of twelve and a half cents in the hundred dollars, as proposed by the bill of the Senate, when it goes *fully* into operation. The Comptroller estimates the probable receipts, in virtue of *subsisting* laws, as appli-

cable to the current year at.....		\$1,323,187 50
From this it is proper to deduct the following items, with the view of showing what will be the revenue to be relied on in future years, exclusive of the direct tax :		
Auction duties.....	\$20,000	
Baltimore and Susquehanna Railroad	110,000	
Auctioneers Licenses.....	500	
Fines and forfeitures.....	2,000	
Interest	1,000	
Taxes in Chancery.....	300	
Colonization Tax.....	5,000	
Direct Tax :		
Received from Collectors.....	\$500,000	
Received by Treasury from Corporations...	26,000	
Received by Treasury for tax on State and City Stock and Bonds of Balt. & O. Railroad	39,000	
Total Direct Tax.....	565,000	
Total amount to be deducted.....		703,800 00
		<hr/>
		\$619,387 50
This amount then will be in the Treasury one year, with another, exclusive of the receipts from the direct tax ; and subject to the demands upon it, which, according to the Comptroller's report, exclusive of special appropriations, will amount to.....		961,958 59
		<hr/>
Leaving a deficit of.....		\$342,571 09
to be provided for by direct taxation.		

In deducting from the estimated probable receipts, the foregoing items, the committee have assumed that the bill which passed the House of Delegates, to restore to the city of Baltimore the auction duties will become a law ; that the information they have received, that the Baltimore and Susquehanna Railroad Company will not pay the current interest, renders it too uncertain as a source of revenue to be relied on in establishing a rate of taxation ; that at least five hundred dollars, which comes from auctioneers licenses, must, judging from the past, be considered an over-estimate ; that the amount of fines and forfeitures imposed, and their remission and insolvency are so uncertain, that the estimated probable receipts from this source cannot be safely relied on ; that

as the arrearages of direct taxes must diminish very considerably within the next two years, and the reduction of the direct taxes will lessen greatly the accumulation of arrears in the future, the deduction on account of interest, should certainly be made; that no revenue from taxes in Chancery can accrue, because the Chancery Court will soon cease to exist; that the arrears due by the counties for colonization tax will be paid within the next two years, and by the Act of the last session of the General Assembly, no new tax for that purpose is to be levied upon them.

In relation to the items of direct tax, it is well to remark, that so much thereof as is due from the public loans of the State, and of the city of Baltimore, from the bonds of the Baltimore and Ohio Railroad Company, and from the capital stock of Corporations, is either retained by the Treasurer or is paid to him directly; and the amount of those loans, bonds and capital stock, is not included in the assessed value of real and personal property, returned by the Commissioners and Levy Courts of the several counties and the city of Baltimore, as shown in Statement D., on page forty-nine of the Comptroller's report. The deduction of public loans, bonds and capital stock, from the assessment, was made under the provisions of the Acts of 1843, chapter two hundred and eighty-nine, and 1845, chapter one hundred and seventy. But the assessment just made includes all the property in the State; and the loans, bonds and stocks, referred to, have not yet been deducted; and therefore the committee, in making their calculations for the direct tax, treat it as a single item, having as yet no means of ascertaining with exactness the amount of public securities and capital stock of corporations included in the late assessment. It is obvious, however, that in making a comparison between the old assessment and the new, in order to learn what is the increase of our basis of taxation, we shall be led into gross and dangerous error, unless we bear in mind the fact that the amount of State and city Stocks, and the Stocks of Corporations heretofore paying taxes to the Treasurer, is first to be added to the assessment contained in the Comptroller's report. If that is done, it will be seen that the increase of the basis of taxation by the late assessment, is by no means so large as is generally supposed.

The amount, then, to be raised from direct taxation, as is shown by the statement of the committee, will be \$342,571 09. According to the returns from the counties, actually received under the assessment law of last session, and making proximate estimates for those counties and the city of Baltimore, which have not been received, the gross amount of the assessment, including public securities and corporation stocks, has been put down by the committee at \$240,000,000 as the ground of their calculation. A rate of $12\frac{1}{2}$ cents in the \$100, or $\frac{1}{8}$ of one per cent. will give

annually on this gross amount the sum of \$300,000, of this \$33,750, are assumed to represent the tax on stocks and other public securities, and from this amount no deductions are to be made for abatements, insolvencies and cost of collecting from delinquent collectors; but these deductions must be made from all that portion of the revenue which is to be received through collectors. Deducting then, from the gross sum of \$300,000 the amount of tax to be received from stocks and there will remain \$266,250 to be received through collectors. Allowing 10 per cent. on \$266,250 for abatements, insolvencies, discounts, cost of collecting from delinquent collectors, which amounts to \$26,625 there will remain \$239,625; add to this, \$33,750, the tax from stocks, and it will make the sum of \$273,375, which represents the nett amount of revenue to be received each year from the one-eighth of one per cent. on the assumed basis of \$240,000,000.

But it has been shewn already, that \$342,571.09 have to be raised from direct taxation, if the present rate is to be changed, and the deductions from the estimated source of revenue by the committee are correct. There will consequently be a deficiency of \$69,196.09.

In 1855, however, when it is assumed by the committee, that the new rate of taxation will go fully into effect, there will be no session of the Legislature, and therefore, the whole amount of the cost of the General Assembly will be saved. The Comptroller puts down the cost of the Legislature in his estimate of expenditure of this year—which the committee have used in their calculations—at \$95,000, besides other items of stationary, fuel and lights amounting to, say \$3000, making altogether \$98,000, which will be saved. This would leave a balance in the Treasury that year, of over \$28,000; but in 1856, there will be a session of the Legislature, the cost of which will cause a deficiency unless the revenue from other sources is increased. With these general data, every one can make his own calculations, but the committee are of opinion, that the rate of reduction proposed by the Senate bill, would jeopardize the State's credit; for, according to this calculation carried out for succeeding years, it will be seen, that from the amount of revenue to be raised from $12\frac{1}{2}$ cents in the \$100, under the most favorable circumstances, there never can be but a very small balance, and on alternate years, a deficit. The amount of revenue to be derived from this source of taxation requires great punctuality in the payment of the taxes. If, from any cause, there should be want of punctuality, or irregularity in their collection, the public faith will suffer injury. It is unreasonable to calculate with certainty upon an uninterrupted flow of that full tide of prosperity, which for a number of years past has made the payment of taxes a matter of comparative facility to the people of our State. It surely is prudent, to say the least, to admit the probability of a revulsion; and how severe that

revulsion, and how long its continuance, it is impossible to foresee. Let it be remembered also, that the receipts from the Internal Improvement Companies, may in some years be very much reduced by casualties, and by unforeseen necessities. In 1846 the Susquehanna and Tide Water Canals were injured to so great an extent by the flood of that year, that the companies owning those works failed to pay the interest due to the State, and the amount then falling in arrear has not even yet been paid. We cannot expect to be entirely free from such casualties in the future.

The views thus presented are not intended to apply to the revenue of the present and succeeding year, because it is presumed that the arrearages of taxes now due, with the amount to be levied for these years, will bring into the Treasury sufficient to meet the demands upon it. The committee have not been unmindful of the possibility and hope, that in a few years the revenue from ordinary sources will increase, but they have made no allowance for this, because it is impossible to say what future legislatures may do in the way of appropriations for objects, which have just claims on the means of the State. If it is decided, that until the public debt is paid off, there shall be no appropriations for such beneficent objects as a House of Refuge and an Insane Asylum, and other similar objects, the amounts which would be otherwise appropriated for these purposes will be saved, and to that extent, supposing an increase of the revenue from ordinary sources, the receipts of the Treasury will be increased. It is to be presumed, that any rate of taxation to be decided on now will look to the future, and in this point of view it is proper to remember that after the first of April, 1859, lotteries will be abolished in this State, and of course the amount of \$51,000 from that source will cease, which may be put as an offset in part against any supposed increase from ordinary revenue. All these things are to be taken into consideration, and another one, which might seriously affect the State's credit. It is well known, that the payment of the fixed expenditures of the State, including the interest on the debt, are due at determined periods of time, but the receipts into the Treasury are irregular and uncertain. Indeed the sums to be provided at the April and October quarters are double of those to be provided in July and January; and with a rate of taxation, which would leave but a *small surplus* in the Treasury, it might happen that when payments were due in a particular quarter, there would be an insufficient amount of money in the Treasury to meet them.

It remains now to be seen to what extent the taxes can be reduced with safety. On this point there is no unanimity in the committee. Those who think that the policy of an early extinguishment of the public debt ought to be pursued, are convinced, that the present rate of taxation ought not to be reduced more than five cents, which would leave such an amount of surplus in

the treasury, as could be profitably employed in either the purchase of State stocks, or the redemption of the debt now due. According to the Treasurer's report, there is now due and over due, the sum of \$688,434.70, in the hands of outstanding creditors, and there will become due by 1859, the further sum of \$336,997.37, amounting in all to \$1,025,432.07, now redeemable and to be redeemed in six years. As long as there is an outstanding debt of so large an amount, which can be redeemed and cancelled, a considerable annual surplus could be advantageously employed; and this could be still more profitably employed, if the policy pursued during the last fiscal year were adhered to.

That policy was, to purchase State stocks when they could be obtained at or under par, and when they exceeded par, to call in certain portions of the public debt which was due. With so large a sum as \$1,025,437.07, redeemable within so short a period, the Treasurer with surplusses at his disposal could by a proper exercise of financial skill, reduce in that time a *large* amount of the public debt.

The committee regret that the bill from the Senate, was not accompanied by a written exposition of their views, and showing the basis of their calculations. It is a matter of regret also that the committee could not have had before them the authentic returns of the assessed value of the taxable property of the State, under the assessment of 1852. In the absence of these returns, they have been compelled to form an estimate of the amount of property subject to direct taxation, and which they have assumed to be \$240,000,000. On this basis a majority of the committee are of opinion, that it would not be safe to make a reduction below 16 $\frac{2}{3}$ cents on the \$100, or the one-sixth of one per cent.

JOHN M. WYSE,
CHAIRMAN.

The undersigned assents to the views expressed in the foregoing report so far as they relate to the condition of the Treasury and the reduction of taxes.

Though, in a political sense, somewhat conservative and based perhaps upon a view of affairs more unfavorable than actual results may exhibit, they are, he conceives, most judicious, and such as, taking into consideration the contingencies which may arise in the future, a just and commendable degree of prudence would indicate.

That portion of the report which treats of the future financial policy of the State, does not meet his approval.

The opinions on this subject which he had the honor to lay before the House, in the minority report of the committee of Ways and Means, at the last session of the Legislature, he has seen no

reason to change ; time has only strengthened and confirmed the convictions then entertained.

In addition to the suggestions made in the report, he would take occasion with the permission of the chairman and with the sanction of a majority of the committee, to recommend the passage of a bill repealing so much of the Stamp tax as applies to notes, obligations, &c., of and under the sum of five hundred dollars.

This measure of redress can be effected, the undersigned feels convinced, without any sensible inconvenience to the Treasury, and though but partial in its effects would remove an odious and oppressive burden from the shoulders of that portion of the community least of all capable to bear it.

All of which is respectfully submitted.

JOHN MORRIS.

